

Plan Section - **Community Trends and Challenges Ahead**

“The future isn’t what is used to be” Yogi Berra

Yogi Berra, the famous catcher for the New York Yankees once said, *“Making projections is a difficult business, especially when it deals with the future.”* It’s difficult to accurately predict precise numbers and totals for events and outcomes 20 years from now. However, it is possible to observe and predict general future trends. There is no crystal ball to see what the future holds for Wichita and Sedgwick County - only data-driven, informed and educated opinions and evaluations.

An analysis of fiscal, economic and demographic trends data indicate that the next 20 years of growth and development in Wichita and Sedgwick County will be different than what has occurred over the past 20 years. The city and county have entered a new era of fiscal constraint, austerity and diminishing financial resources that will likely continue into the foreseeable future. Trend data indicates that our community is aging, our minority population is growing, and the composition of the traditional family is changing (especially a rise in the number of single person households). These demographic changes will influence future housing decisions related to location, size, and type, as well as future transportation choices.

The traditional planning model of “predict and plan” may be inadequate in a new era of social and economic uncertainty. As Wichita and Sedgwick County prepare and plan for the future, more emphasis may be needed on an “anticipate and adapt” approach. It’s imperative that the comprehensive plan be reviewed, adjusted, refined and updated annually to reflect ongoing change and unforeseen events.

Below is a summary of important fiscal, economic and demographic trends and challenges that will likely influence future growth and development in Wichita and Sedgwick County, and impact future public investment decisions.

Fiscal and Economic

Trend/Challenge - Diminishing state and federal funding available for new construction and/or replacement of Wichita and Sedgwick County public facilities and infrastructure.

Data:

- The Federal Highway Trust Fund (18.4 cent per gallon gas tax) has for decades been a significant funding source for new roadway construction projects in the country and for Kansas, Wichita and Sedgwick County. However, this tax has steadily lost purchasing power to inflation, and the rise in fuel-efficient cars has caused revenues to flatten. The Congressional Budget Office projected in January 2012 that the Federal Highway Trust Fund, with a \$12 billion balance at the end of the 2012 fiscal year, will be depleted by fiscal year 2014.



- State of Kansas funding for transportation infrastructure has declined. The State's 2011-2020 ten-year transportation program (T-WORKS) is currently funded at \$7.8 billion. This represents a 38% reduction in funding from the previous ten-year transportation program budget of \$13 billion. Future increases in state transportation funding appear unlikely.
- Research done in 2007 for the National Surface Transportation Policy and Revenue Study Commission indicated that a 10% increase in vehicle fuel economy produces a 9% reduction in motor fuel use and fuel tax revenues. Rising fuel costs and vehicle fuel efficiencies have generated less vehicle miles traveled and less fuel consumption respectively. This has resulted in a trend of flat and/or declining gasoline tax revenues for the State of Kansas (and Wichita and Sedgwick County).
- Wichita and Sedgwick County have a dedicated one-cent countywide sales tax approved in 1985 that provides an ongoing revenue stream (approximately \$47.9 million and \$22.4 million respectively in 2011), one-half of which is pledged to fund road and bridge projects.

Trend/Challenge - Growing structural imbalance (gap) between slowing Wichita and Sedgwick County revenues and the rising cost of maintaining existing City and County public facilities and infrastructure.

Data:

- Over the last decade, Wichita and Sedgwick County have experienced growing structural imbalances between slowing revenue streams and the increasing costs of government (especially costs associated with maintaining current assets, as well as employee pensions and health care). This gap has challenged the ability of Wichita and Sedgwick County to maintain, replace and/or expand existing public facilities and infrastructure (discussed further in *Plan Section - Assessment of Current Public Infrastructure & Facilities*).
- A leveling off in overall ad valorem property valuation in recent years has yielded lower property tax revenues for the city and county. For the City of Wichita, property tax revenues declined by \$1.4 million between 2009 and 2011 (\$106.5 million in 2009; \$105.1 million in 2011). For Sedgwick County, property tax revenues declined by \$3.0 million between 2009 and 2011 (\$136.1 million in 2009; \$133.1 million in 2011, this decline also reflecting a half mil lowering of the county tax rate in 2010).
- Wichita has experienced slowing rates of return with other revenue sources including interest earnings, local sales tax, motor vehicle taxes, transient guest tax, gasoline tax, and franchise fees.
- Revenues (property and retail sales tax) associated with future growth and development in Wichita and Sedgwick County will not (nor should they be expected to) cover long-



term cost liabilities associated with the maintenance and replacement of existing city and county public facilities and infrastructure assets.

Trend/Challenge - Rising fuel and energy prices significantly increase capital, operational and maintenance cost associated with city and county public facilities and infrastructure.

Data:

- The average price of gasoline has increased nationwide within the last decade (\$1.42 per gallon in 2001; \$2.27 in 2005; \$4.02 per gallon in 2008; \$3.50 per gallon in 2012).
- In 2001, the annual fuel cost for Wichita's maintenance vehicle fleet was \$2.2 million. By the end of 2008, annual fuel costs rose to \$6.9 million (an increase of \$4.7 million). This increase is largely attributable to increased costs of fuel rather than increased fuel consumption. Rising oil prices also impact tire and lubricant prices. Since 2009, tire prices have increased an average of 24.7%; lubricants have increased by 16.5%.
- Rising fuel costs significantly increase Wichita Transit vehicle operations costs. For every \$0.10 increase annually in a gallon of gasoline, operating costs for the transit van fleet go up about \$10,000 per year. For every \$0.10 increase annually in a gallon of diesel, operating costs for the bus fleet go up about \$40,000 per year. As of 2012, Wichita Transit buses drove 1,563,624 miles annually (3.96 mpg) and the transit vans drove 716,131 miles annually (6.99 mpg).
- Rising fuel costs increase local road construction costs. During the sharp rise in oil prices in 2008, the cost of asphalt increased to approximately \$30 per square yard compared to about \$25 per square yard in 2012. That cost differential of \$5 per square yard equated to a comparative savings of \$150,000 per mile of arterial street construction for Wichita in 2012.
- There is no current research that suggests crude oil and gasoline prices will drop significantly over the foreseeable future. According to a report by the Victoria Transport Policy Institute (December 2012), various alternatives may replace petroleum as the primary vehicle fuel in the future but virtually all currently being developed will be more expensive than what petroleum has cost in the past.

Trend/Challenge - External factors and mandates will dictate some future Wichita and Sedgwick County public infrastructure spending priorities.

Data:

- Federal environmental legislation for wastewater management, stormwater management, water quality and air quality impacts community infrastructure, and will continue to shape the future operations and costs of local government in Wichita and Sedgwick County.



- Under authority of the 1972 Clean Water Act, the federal Environmental Protection Agency (EPA) may mandate by 2020, local compliance with current recommended biological nutrient removal standards for nitrogen and phosphorous in all wastewater released into the nation's waterways. Depending upon the level of required compliance, Wichita may need to invest between \$95 and \$146 million to upgrade its existing wastewater treatment facilities.
- Substantial improvements to Wichita's current sewer collection system may also be required by the EPA over the next decade to limit sewer back-up incidents. Depending upon the level of mandate, this could potentially cost the City over \$100 million per year for multiple years.
- Based on current air quality conditions, the Wichita MSA has the potential to move to a non-attainment status (not meeting air pollutant standards set by the EPA under authority of the 1970 Clean Air Act) with respect to acceptable ozone levels. The community costs of going ozone non-attainment have been estimated as follows:
 - The Kansas Department of Health and the Environment has estimated that a vehicle inspection and maintenance program alone for the Wichita MSA could cost the community over \$13.7 million per year;
 - City of Wichita staff estimated in 2005 that the cost to local government, local businesses, and citizens in the Wichita MSA could approximate \$10 million per year for at least ten years. A more accurate cost estimate model has not been developed.

Trend/Challenge - Wichita and Sedgwick County faces a new era of market globalization and competition with other communities regionally, nationally and globally.

Data:

- Many aspects of the Sedgwick County and Kansas economy are export oriented (civilian aircraft, aircraft parts and agricultural products) and vulnerable to instability or shifts in global economic market conditions.
- Local, regional, national and international economic uncertainty appears to be the new normal for the next several years. All levels of government throughout the world continue to wrestle with issues/impacts associated with austerity, debt, expenditures, revenues, and regulation.
- University professors Arthur C. Nelson and Robert E. Lang (*Megapolitan America*, 2011) predict the emergence of 10 megapolitan clusters in the United States by the year 2040. Within these clusters will be concentrated most of the nation's population and much of its associated economic activity. Wichita is not depicted as falling within one of the 10 megapolitan clusters and as such, could make Wichita economically less competitive. Regardless of whether these projections prove to be accurate, Wichita and Sedgwick



County will need to work hard to remain competitive with other communities in the region and the nation.

- According to the *Visioneering Wichita Plan 2009*, roughly 20% of the young adults (25-40 yrs.) in the Wichita metropolitan area leave each year to other communities in the country, representing an estimated net annual lost investment of \$595 million for the Wichita area. This age group constitutes the future business and government leaders of our community by 2035. According to the U.S. Census cohort data, the total number of people in Wichita between the ages of 25-44 dropped by 2.4% between 2000 and 2010. A 2010 research report titled “*Destination ICT: Attracting and Retaining Talent to Wichita*” indicates that Wichita’s total population of 25-40 year olds declined by 2.6% between 2000 and 2007. The report states that while this loss is not significantly out of line with cities of similar size, in Wichita’s peer competitive cities (e.g. Fort Worth, Kansas City, Oklahoma City, Omaha, Tulsa) the aggregated population of 25-40 year olds grew by 2.3%.

Trend/Challenge - Employment growth rate in Wichita and Sedgwick County over the next 20 years is forecast to increase at an annual average rate slightly less than 1 percent.

Data:

- The WSU Center for Economic Development and Business Research (CEDBR) projects that the average employment growth rate in the Wichita Metropolitan Statistical Area (MSA) will increase during the next 25 years at an annual rate of 0.87% (with manufacturing, retail trade and health care dominant). From 2010 to 2035, it is projected that an additional 40,844 jobs will be added in Sedgwick County.
- The overall average annual employment growth rate in Sedgwick County has trended flatter over recent decades. Between 1970 and 1987, data from the Kansas Department of Human Resources indicted an average annual employment growth rate of 2.7%. The annual employment growth rates between 1990 and 2010 in Sedgwick County have averaged around 0.7% (factoring in two recessionary periods).
- According to the WSU CEDBR, long term economic growth in Kansas has been driven by growth in five key industries: health care; professional services; administration and waste services; accommodation and food services; and educational services.
- In 2011, the National Bureau of Labor Statistics reported the following national economic outlook indicators through 2018:
 - Growth in work force by 8.2%;
 - Aging work force (employees aged 55 or older will comprise 24% of the total labor market);
 - More service jobs (12.5% increase) and less manufacturing jobs (9% decrease);



- Areas of growth ... professional and business services, health care, small-box and boutique retail, 'middle market' companies (annual sales between \$10 million and \$1 billion).
- The WSU CEDBR anticipates that retiring baby boomers will want to live close to quality, convenient health care services. This could increase Wichita's current role as a premier south central Kansas area regional health care services center.

Demographics

Trend/Challenge - Shifting demographics – impacts of an aging population.

Data:

- Although the population of Wichita and Sedgwick County is slightly younger on average than the rest of Kansas or the nation, the population of our community is aging. The WSU CEDBR projects that the percentage of Sedgwick County residents over the age of 65 will increase from 10.9% in 2010 to 17.5 % by 2030 (a 60% increase). According to projections by the U.S. Census, one in five residents in the nation will be 65 years or older by 2030.
- The National Highway Traffic Safety Administration estimates by 2030, one out of every four drivers in the nation will be over the age of 65 with the number of drivers over age 85 four times higher than today. As our area population ages, an increasing number of less mobile seniors will require alternative transportation and accessibility choices.
- According to Arthur C. Nelson (*Reshaping Metropolitan America*, 2013), 77% of the demand for new housing construction in America between 1990 and 2010 was driven by the baby boomer generation (1946 to 1964) seeking large, single-family homes. Nelson predicts that a major housing crisis will occur around 2020 as aging/retiring baby boomers try to sell off their large single-family homes (for which he predicts there will be a significantly reduced market demand) to downsize into smaller homes and properties. Nelson foresees two classes of seniors in America – those “aging in place” voluntarily and those “aging in place” involuntarily because they can't sell their homes.

Trend/Challenge - Shifting demographics – impacts of changes in the traditional family and the rise in single person households.

Data:

- The U.S. Census shows that average household size in Wichita increased slightly from 2.46 persons in 2000 to 2.48 persons in 2010 (2010 national average was 2.58 persons). Due to economic necessity and lifestyle choices across the nation, there is evidence that children are residing longer with their parents and/or returning to live with parents and other family members. It is uncertain whether this will be a long-term trend.



- Between 2000 and 2010, the percentage of two member households in Wichita remained unchanged at 32%.
- From 2000 to 2010, the percentage of households with children in Wichita dropped slightly from 32.1% to 30.7%. Some researchers are anticipating that by 2030, only 20-25% of all households nationwide will have children.
- Between 2000 and 2010, the percentage of single person households in Wichita remained unchanged at 31% (2010 national average was 26.7%).
- Some researchers are projecting that by 2025, between a third and half of all households nationwide could be single person households. These demographic shifts are important since household size and composition influences choices of house size, type, configuration and location.

Trend/Challenge - Shifting demographics – impacts of the growth in minority populations.

Data:

- The U.S. Census has projected that by 2043, the majority of people in America will be non-white.
- From 2000 to 2010, the percentage of the Hispanic population in Wichita increased from 10% to 15%. The percentage of the African American population in Wichita over the last decade remained unchanged at 11%, while the Asian population grew slightly from 4% to 5%. Between 2000 and 2010, the percentage of the non-Hispanic white population in Wichita decreased from 72% to 65%. If these trends continue over the next 20 years, it is reasonable to anticipate that a significant portion of the future population growth in Wichita will occur within the Hispanic segment of the community. Due to underlying cultural and socio-economic factors, some of this growth is likely to be concentrated within certain geographic areas of the city.

Trend/Challenge - Future 2035 population growth estimates for Wichita range between 444,000 and 452,000; for Sedgwick County, the estimates range between 593,000 and 610,000.

Data:

- According to the 2010 U.S. Census, Sedgwick County and Wichita population totals were 498,365 and 382,368 respectively. The WSU CEDBR anticipates that Sedgwick County will capture the majority (86.6%) of population growth in the four-county Wichita MSA over the next 30 years.
- By 2035, the total population of Sedgwick County is currently estimated for planning purposes by the Wichita-Sedgwick County Metropolitan Area Planning Department (MAPD) to range between 593,000 and 610,000. Wichita's share of that total county population is estimated to range between 444,000 and 452,000, with the remaining



county population spread among the other cities of Sedgwick County and the unincorporated area.

- These projected population growth rates are essentially a continuation of the slow but steady growth rates (averaging 0.8% per year) experienced by Sedgwick County during the late 1990's and 2000's.
- Over the last two decades, the majority of the population and land development growth in Wichita has been concentrated in the northwest, northeast and southeast quadrants of the city. Based upon the shifting demographic trends discussed elsewhere in this document, MAPD staff anticipates that future population growth in Wichita may be more evenly dispersed throughout both the established and suburban neighborhoods of the city.